

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 ROME 18911

E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: YEAR END REPORT -- SIX MONTHS AFTER THE JUNE 15
ELECTIONS

1. THE END OF THE CALENDAR YEAR SEEMS AN APPROPRIATE TIME TO
LOOK BACK AT THE SIX MONTHS THAT HAVE PASSED SINCE THE ELEC-
TIONS OF JUNE 15. THIS ASSESSMENT IS ACCORDINGLY SUBMITTED
IN LIEU OF THE NORMAL DECEMBER POLITICAL REPORT.

2. THE HEAVY COMMUNIST (PCI) GAINS IN THE JUNE 15, 1975,
ELECTIONS LEFT THE CHRISTIAN DEMOCRATS (DC) AND VIRTUALLY
ALL OF THE ITALIAN POLITICAL CENTER IN A STATE OF SHOCK.
MANY SOCIALISTS WERE IN A STATE OF EUPHORIA AS A RESULT OF
THEIR FIRST POLITICAL GAINS IN YEARS. THE PCI, WHILE SUR-
PRISED AT THE EXTENT OF ITS GAIN, REACTED WITH PRUDENCE AND
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RESTRAINT. MUCH OF THE MEDIA WAS STRUCK WITH A WAVE OF EN-

THUSIASM FOR THE PCI AND FOR THE "SOCIALIST" FUTURE OF THE COUNTRY. THE ONLY VISIBLE REACTION IN THE VERY STAGNANT ECONOMY WAS A SHARP BUT TEMPORARY INCREASE IN CAPITAL FLIGHT. IN THE SIX MONTHS THAT HAVE ELAPSED SINCE THE ELECTIONS, THE INITIAL EMOTIONAL REACTIONS HAVE GIVEN WAY, IN MOST INSTANCES, TO MORE REASONED ASSESSMENTS OF THE SITUATION AND OF WHAT NEEDS TO (OR CAN) BE DONE ABOUT IT.

3. THE PCI: DURING THE POST-ELECTORAL PERIOD, THE PCI HAS FOLLOWED A POLICY OF RESTRAIN AND PRUDENCE, SEEKING TO ALLAY FEARS (WHICH HAVE GREATLY WANED IN RECENT YEARS), AND TO BE A FRIEND AND CHAMPION OF VIRTUALLY ALL SEGMENTS OF ITALIAN SOCIETY. IT HAS MISSED NO OPPORTUNITY (AND, INDEED, HAS CREATED SOME) TO ADVERTISE ITS DEVOTION TO THE PRINCIPLES OF PLURALISTIC DEMOCRACY. TWO SUCH OCCASIONS WERE FOUND IN FORMAL WRITTEN COMMUNIQUE WITH THE SPANISH AND FRENCH COMMUNIST PARTIES. OTHER OCCASIONS PRODUCED CRITICISMS OF CUNHAL'S HEAVY-HANDEDNESS IN PORTUGAL AND OF THE LACK OF CIVIL LIBERTIES IN THE SOVIET UNION. ITS PUBLIC RELATIONS CAMPAIGN HAS BEEN SO EFFECTIVE THAT FEW ITALIANS OPENLY QUESTION THE DEMOCRATIC GOOD INTENTIONS OF THE PRESENT PCI LEADERSHIP, AND PARTICULARLY BERLINGUER.

4. IN THE WAKE OF THE JUNE 15 ELECTIONS, THE PCI MOVED INTO A LARGE NUMBER OF GOVERNING COALITIONS (MOST WITH SOCIALISTS) IN LOCAL GOVERNMENTS. THE AREAS INVOLVED INCLUDE 50 PERCENT OF THE ITALIAN POPULATION. WHILE SOME FRICTIONS HAVE DEVELOPED WITH ITS SOCIALIST (PSI) PARTNERS, THE PCI IS TRYING HARD TO SMOOTH THEM OUT AND TO GIVE THE IMPRESSION THAT IT IS A RESPONSIBLE PARTY WORKING HARD TO PROVIDE EFFICIENT AND HONEST ADMINISTRATION IN THE BEST INTERESTS OF ALL THE ITALIAN PEOPLE. IN ITS EFFORT TO CONVEY A RESTRAINED AND RESPONSIBLE IMAGE, THE PCI HAS DECLINED MANY OCCASIONS TO ATTACK THE WEAK, MINORITY DC/PRI GOVERNMENT, AND HAS INSTEAD INDIRECTLY SUPPORTED IT. IT HAS TAKEN A CONSERVATIVE POSITION ON ABORTION (IN CONTRAST WITH THE PSI). IT HAS NOT SOUGHT AN IMMEDIATE FORMAL ROLE IN THE NATIONAL GOVERNMENT, DESPITE CONSTANT SOCIALIST INVITATIONS TO INSIST ON ONE. INSTEAD, IT HAS QUIETLY MAINTAINED ITS POSITION THAT THE COUNTRY NEEDS A COALITION OF ALL "DEMOCRATIC" PARTIES (BUT ESPECIALLY THE PCI AND DC) TO

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GET GOOD AND EFFECTIVE GOVERNMENT AND TO OVERCOME THE PRESENT CRISIS OF ITALIAN SOCIETY. AT THE END OF THE YEAR, THERE ARE GROWING HINTS THAT THE PCI THINKS THAT THE TIME HAS PERHAPS COME FOR IT TO ENTER THE NATIONAL GOVERNMENT, ALTHOUGH IT RECOGNIZES THAT THE OTHER PARTIES ARE STILL RESISTING THIS MOVE.

5. THE SOCIALISTS (PSI): THE JUNE 15 ELECTIONS GAVE THE PSI

ITS FIRST SIGNIFICANT ELECTORAL GAINS IN YEARS. IT ATTRIBUTES THOSE GAINS TO ITS OPEN OPPOSITION TO THE DC IN THE ELECTORAL CAMPAIGN AND TO ITS ADVOCACY OF "SOCIALIST" PROGRAMS. AS A RESULT, IT HAS, IN THE SIX MONTHS SINCE THE ELECTIONS, CONTINUED AND EVEN INTENSIFIED ITS CRITICISMS OF THE DC AND MOVED TO A MORE STRIDENT POSITION ON THE LEFT, I.E., A LONG TERM GOAL OF A PCI/PSI COALITION TO LEAD THE COUNTRY TO "SOCIALISM". IN AN EFFORT TO DISARM CRITICS WHO POINT TO THE PARTY'S ETERNAL DISUNITY, THE PARTY LEADERSHIP DEvised A "UNITARY" CONGRESS (TO BE HELD IN EARLY FEBRUARY) IN WHICH AT LEAST AN OUTWARD SHOW OF UNITY AND COHESION WOULD BE REQUIRED. DESPITE THIS NEWFOUND FORMAL UNITY, THE PSI REMAINS SHARPLY DIVIDED ON MANY ISSUES. THE MOST IMPORTANT OF THESE ARE ITS RELATIONSHIPS TO THE PCI AND TO THE DC. A LARGE SEGMENT OF THE PARTY WISHES TO ESTABLISH A COMMON FRONT WITH THE PCI NOW, WHILE DE MARTINO (SPEAKING FOR THE PARTY) TALKS OF A LONG-TERM GOAL OF COMMON ACTION WITH THE PCI AND AT THE SAME TIME HINTS AT COOPERATION WITH THE DC UNTIL SUCH TIME AS THE PCI HAS MOVED COMPLETELY AWAY FROM MOTHER RUSSIA. THE PARTY IS ALSO DIVIDED, ALONG DIFFERENT LINES, ON IMMEDIATE TACTICS: SOME WISH TO PROVOKE A CRISIS AND EARLY ELECTIONS IN THE IMMEDIATE FUTURE IN THE EXPECTATION OF GREAT PSI GAINS, WHILE OTHERS REPORTEDLY WISH TO PROVOKE A CRISIS IN ORDER TO OBTAIN BETTER TERMS FOR A RETURN TO COOPERATION WITH THE DC. AS THESE DIVISIONS SUGGEST, THE PSI IS BUOYED UP BY ITS RECENT AND ANTICIPATED ELECTORAL GAINS AND BY THE GENERAL RECOGNITION THAT IT IS AND IN ALL LIKLIHOOD WILL CONTINUE TO BE ESSENTIAL TO THE FORMATION OF A DEMOCRATIC MAJORITY IN THE NATIONAL PARLIAMENT. AT THE SAME TIME THE PSI IS PROFOUNDLY WORRIED ABOUT THE POSSIBILITY THAT THE PCI AND DC WILL GET TOGETHER AND IN THE PROCESS SQUASH THE PSI. THESE STRONGLY AND DEEPLY FELT EMOTIONS INTENSIFY THE PSI'S TRADITIONAL PROPENSITY FOR ERRATIC BEHAVIOR. IN THE JUDGMENT OF MOST OBSERVERS, THE PSI

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REMAINS THE MOST UNSTABLE AND UNPREDICTABLE ELEMENT IN THE POLITICAL SCENE AT THE MOMENT.

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6. THE CHRISTIAN DEMOCRATS (DC): THE DC HAS BEEN THE SLOW-EST TO REACT, PROBABLY BECAUSE IT RECEIVED THE MOST PROFOUND SHOCK. THE DC HAS NOT YET MADE ANY FUNDAMENTAL DECISIONS OR CHANGES TO CORRECT WHAT ARE SEEN AS THE CAUSES OF ELECTORAL DEFEAT OR TO PREPARE FOR THE NEXT PARLIAMENTARY ELECTIONS (NO LATER THAN MAY 1977). THE ELECTION OF ZACCAGNINI TO THE POSITION AS "TEMPORARY" PARTY SECRETARY LOOKS MORE AND MORE AS THOUGH IT WERE JUST WHAT THE PARTY NEEDED. ZACCAGNINI'S MAIN ACCOMPLISHMENT TO DATE -- AND IT IS AN IMPORTANT ONE -- IS TO HAVE STIRRED UP A FERMENT WITHIN THE PARTY. HE IS TRYING, WITH SOME SUCCESS, TO ATTRACT THE YOUNG BACK TO THE PARTY AND, MOST SIGNIFICANTLY, HE IS ENCOURAGING THE BASE OF THE PARTY TO TAKE A NEW LOOK AT ITS LEADERS AND THEIR BEHAVIOR. THESE EFFORTS, TOGETHER WITH THE IMPACT OF THE ELECTORAL RESULTS THEMSELVES, HAVE BEGUN THE PROCESS OF BREAKING UP THE PREVIOUSLY STRONG AND TIGHTLY ORGANIZED FACTIONS. THEY WILL
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PROBABLY ALSO LEAD AT THE CONGRESS TO A NUMBER OF CHANGES AT THE TOP OF THE PARTY WITH AT LEAST SOME OF THE OLD GUARD BEING MOVED ASIDE. IT IS TOO EARLY TO TELL HOW THE PARTY WILL COME OUT OF THE CONGRESS, BUT BOTH THE CHANGE IN ATMOSPHERE AND SOME CHANGES IN THE PROCEDURES FOR ELECTING DELEGATES TO THE CONGRESS SUGGESTS THAT THIS MAY BE THE MOST LIVELY, EXCITING, AND SUBSTANTIVELY IMPORTANT ONE IN YEARS.

7. WHILE ZACCAGNINI CAME TO HIS JOB AS A SELF-DECLARED TEMPORARY OCCUPANT, THERE ARE GROWING SIGNS THAT MANY OF THE YOUNG AND OF THE LEFT OF THE PARTY WOULD LIKE HIM TO STAY. IN PART, THIS IS BECAUSE HE PURSUES POLICIES CONGENIAL TO THESE SUPPORTERS AND IN PART BECAUSE HE GIVES THE DC A GOOD PUBLIC IMAGE. FORLANI STILL REMAINS THE ONLY OTHER PRINCIPAL COMPETITOR FOR THE POSITION, BUT HE DISCOURAGED THOSE WHO WISHED HIM TO MAKE A FIGHT FOR IT IN THE NATIONAL COUNCIL MEETING AT THE END OF NOVEMBER. FORLANI PREFERENCES TO WAIT FOR THE CONGRESS AND TO GET THE POSITION, IF HE DOES, WITH THE SUPPORT OF AN OVERWHELMING MAJORITY OF THE PARTY RATHER THAN TO GO TO IT AS THE NOMINEE OF A FEW CLEARLY IDENTIFIABLE FRACTIONS. THERE SEEMS NO LIKELIHOOD OF ANY DECISION ON THIS ISSUE BEFORE THE CONGRESS.

8. THE CHURCH: PERHAPS THE MOST IMPORTANT DEVELOPMENT OF THE LAST SIX MONTHS HAS OCCURRED IN THE CHURCH. THE JUNE 15 ELECTIONS WERE THE FIRST SINCE WORLD WAR II IN WHICH THE ITALIAN CHURCH DID NOT GIVE ITS PARISHIONERS ADVICE ON HOW TO VOTE. THIS INACTION WAS THE CULMINATION OF A LONG PERIOD (AT LEAST 10 YEARS) OF CONSTANTLY DECREASING ACTIVITY AND CHANGING POLICIES. HOWEVER, IT APPEARS THAT JUNE 15 WAS AS MUCH A SHOCK FOR THE CHURCH AS IT WAS FOR THE DC. BOTH THE POPE AND THE ITALIAN HIERARCHY HAVE NOW PUBLICLY REMINDED THE FAITHFUL THAT CHRISTIANITY AND COMMUNISM ARE INCOMPATIBLE. THIS STEP WAS WELCOMED BY ALMOST ALL NON-MARXISTS, ALTHOUGH MANY (INCLUDING SOME IN THE DC) HAVE EXPRESSED THEIR DISAPPROVAL OF ANY ATTEMPT BY THE CHURCH TO ACTIVELY PARTICIPATE AT THE PARISH LEVEL IN ELECTORAL POLITICS. IT IS NOT YET CLEAR WHETHER THE CHURCH INTENDS TO GO THAT FAR.

9. THE LABOR UNIONS: THERE HAVE BEEN ENCOURAGING AND IMPORTANT DEVELOPMENTS IN THE LABOR FIELD DURING THE PAST SIX

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MONTHS. BEFORE THE JUNE 15 ELECTIONS, THE THREE LARGE LABOR CONFEDERATIONS (COMMUNIST/SOCIALIST CGIL, CHRISTIAN DEMOCRAT CISL, AND REPUBLICAN SOCIALIST CGIL) SEEMED WELL ON THE ROAD TO UNIFICATION, WHICH WOULD UNDOUBTEDLY HAVE RESULTED IN COMMUNIST DOMINATION OF THE ENTIRE LABOR MOVEMENT. THE COMMUNIST GAINS IN THE JUNE 15 ELECTIONS PRODUCED A REACTION THAT SEEMS TO HAVE PUT AT LEAST A TEMPORARY STOP TO THE UNIFICATION PROCESS. IN ADDITION, IT HAS STIMULATED CISL (PREVIOUSLY ESTRANGED FROM THE DC) TO BEGIN TO MOVE BACK TOWARD CLOSER POLITICAL ASSOCIATION WITH THE DC. THE SAME REACTIONS ARE TO BE SEEN IN UIL. CGIL'S POST-JUNE 15 REASONABLE AND RESTRAINED BEHAVIOR HAS ACCURATELY MIMICRED THAT OF THE PCI.

10. IMMEDIATE PROSPECTS AND PROBLEMS: THE THREAT PLAINLY

STATED IN THE JUNE 15 ELECTORAL RESULTS HAS BEEN SEEN AND UNDERSTOOD BY THE NON-COMMUNIST PARTIES (ESPECIALLY THE DC), BUT HOW THEY WILL ORGANIZE TO MEET IT WILL NOT BE CLEAR UNTIL AFTER THE VARIOUS PARTY CONGRESSES IN THE SPRING OF 1976. AT THE YEAR'S END, THERE IS GROWING CONCERN FOR THE IMMEDIATE FUTURE ON AT LEAST THREE COUNTS. FIRST, THERE IS WORRY THAT THE UNPREDICTABLE SOCIALISTS WILL DO IT AGAIN AND TRY TO PRECIPITATE A GOVERNMENT CRISIS BEFORE THE DC CONGRESS IN MARCH. SECOND, THE ABORTION QUESTION, AND THREAT OF A REFERENDUM, IS PUSHING THE DC TOWARD A TEMPORARY ALLIANCE (OR IDENTITY OF POSITION) WITH THE PCI, WHILE IT TRIES TO MAKE PEACE WITH THE CHURCH AND, AT THE SAME TIME, DEFLECT PSI ATTACKS. THIS EMOTIONALLY FELT ISSUE COULD EXPLODE AT ANY TIME. THIRD, THE POSSIBLE PUBLICATION BY THE US CONGRESS OF THE DETAILS OF CIA INVOLVEMENT IN THE 1972 ELECTIONS IS WORRYING A LOT OF PEOPLE. THE DC, PSI AND PSDI HAVE ALL DENIED THEIR INVOLVEMENT. HOWEVER, IF THE REPORTS THAT HAVE APPEARED IN THE US PRESS ARE PROVED TO BE ACCURATE, PUBLICATION WOULD BE A VERY SERIOUS BLOW TO THE NON-COMMUNIST PARTIES IN ITALY (AND TO THE US) AND, BY THE SAME TOKEN, WOULD BE A GIFT OF GREAT VALUE TO THE PCI. VOLPE

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